He was a man who not only knew the value of liberty but also cherished his family, never taking their love or respect for granted. He will be remembered as a paratrooper of great valor, impeccable honor and tremendous faith, a father who gave his children an unblemished legacy, a husband of unflagging commitment, a son who evoked the greatest pride.

Captain Bauguess is survived by his wife, Wesley, and two daughters, Ryann and Ellie. His absence leaves a hole in the Bauguess family, the 82nd Airborne and in his community.

I am confident that he will long be remembered as a man who knew the meaning of sacrifice and the call of duty to family and country.

Mr. Speaker, my thoughts and my prayers are with Captain Bauguess' wife, daughters and extended family. May they sense God's comforting presence during this trying time. Our Nation is blessed to call him an honored son. We pledge our commitment to the family he left behind, and we mourn his passing.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, May 18, 2007.

Hon. NANCY PELOSI,
The Speaker, House of Representatives, Washington, DC.

DEAR MADAM SPEAKER: Pursuant to the permission granted in Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on May 18, 2007, at 3:10 p.m. and said to contain a message from the President whereby he notifies the Congress he has extended the national emergency with respect to the Development Fund for Iraq.

With best wishes, I am
Sincerely,

LORRAINE C. MILLER,
Clerk of the House.

CONTINUATION OF NATIONAL EMERGENCY WITH RESPECT TO THE DEVELOPMENT FUND FOR IRAQ—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 110–36)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice to the *Federal Register* for publication. This notice states that the national emergency declared in Executive Order 13303 of May 22, 2003, as modified in scope and relied upon for additional steps taken in Executive Order 13315 of August 28, 2003, Executive Order 13350 of July 29, 2004, and Executive Order 13364 of November 29, 2004, is to continue in effect beyond May 22, 2007.

The threats of attachment or other judicial process against (i) the Development Fund for Iraq, (ii) Iraqi petroleum and petroleum products, and interests therein, and proceeds, obligations, or any financial instruments of any nature whatsoever arising from or related to the sale or marketing thereof, and interests therein, or (iii) any accounts, assets, investments, or any other property of any kind owned by, belonging to, or held by, on behalf of, or otherwise for the Central Bank of Iraq obstruct the orderly reconstruction of Iraq. These threats also impede the restoration and maintenance of peace and security and the development of political, administrative, and economic institutions in Iraq. These threats continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. Accordingly, I have determined that it is necessary to continue the national emergency protecting the Development Fund for Iraq, certain other property in which Iraq has an interest, and the Central Bank of Iraq and maintain in force the measures to respond to this threat.

GEORGE W. BUSH.
THE WHITE HOUSE, *May 18, 2007.*

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until approximately 3 p.m. today.

Accordingly (at 12 o'clock and 8 minutes p.m.), the House stood in recess until approximately 3 p.m.

□ 1502

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SALAZAR) at 3 o'clock and 2 minutes p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken after 6:30 p.m. today.

INDUSTRIAL BANK HOLDING COMPANY ACT OF 2007

Mr. FRANK of Massachusetts. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 698) to amend the Federal Deposit Insurance Act to establish industrial bank holding company regulation, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 698

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Industrial Bank Holding Company Act of 2007''.

SEC. 2. INDUSTRIAL BANK HOLDING COMPANY REGULATION.

(a) DEFINITIONS.—

(1) INDUSTRIAL BANK.—Section 3(a) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)) is amended by adding at the end the following new paragraph:

''(4) INDUSTRIAL BANK.—The term 'industrial bank' means any insured State bank that is an industrial bank, industrial loan company, or other institution that is excluded, pursuant to section 2(c)(2)(H) of the Bank Holding Company Act of 1956, from the definition of the term 'bank' for purposes of such Act.''.

(2) INDUSTRIAL BANK HOLDING COMPANY.—Section 3(w) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)) is amended by adding at the end the following new paragraphs:

''(8) INDUSTRIAL BANK HOLDING COMPANY.—The term 'industrial bank holding company' means any company that—

''(A) controls (as determined by the Corporation pursuant to section 2(a) of the Bank Holding Company Act of 1956), directly or indirectly, any industrial bank; and

''(B) is not—

''(i) 1 or more of the following: a bank holding company, a savings and loan holding company, a company that is subject to the Bank Holding Company Act of 1956 pursuant to section 8(a) of the International Banking Act of 1978, or a holding company regulated by the Securities and Exchange Commission pursuant to section 240.15c3-1(a)(7) of title 17 of the Code of Federal Regulations (as in effect on January 29, 2007); or

''(ii) controlled by a company described in clause (i).

''(9) CAPITAL TERMS RELATING TO INDUSTRIAL BANK HOLDING COMPANIES.—

''(A) ADEQUATELY CAPITALIZED.—With respect to an industrial bank holding company, the term 'adequately capitalized' means a level of capitalization which meets or exceeds all applicable Federal regulatory capital standards.

''(B) WELL CAPITALIZED.—With respect to an industrial bank holding company, the term 'well capitalized' means a level of capitalization which meets or exceeds the required capital levels for well capitalized industrial bank holding companies established by the Corporation.''.

(3) TECHNICAL AND CONFORMING AMENDMENTS TO OTHER DEFINITIONS.—

(A) APPROPRIATE FEDERAL BANKING AGENCY.—Section 3(q)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)(3)) is amended—

(i) by striking ''or a foreign'' and inserting '', any foreign''; and

(ii) by inserting ‘‘, and any industrial bank holding company and any subsidiary of an industrial bank holding company (other than a bank)’’ after ‘‘insured branch’’.

(B) DEPOSITORY INSTITUTION HOLDING COMPANY.—Section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)) is amended—

(i) by striking ‘‘or a savings’’ and inserting ‘‘, any savings’’; and

(ii) by inserting ‘‘, and any industrial bank holding company’’ before the period at the end.

(b) INDUSTRIAL BANK HOLDING COMPANY REGISTRATION AND OWNERSHIP.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

‘‘SEC. 51. INDUSTRIAL BANK HOLDING COMPANY REGULATION.

‘‘(a) ACQUISITION OF INDUSTRIAL BANK SHARES OR ASSETS.—Section 3 of the Bank Holding Company Act of 1956 (other than section 3(c)(3)(B) of that Act) shall apply to any company that is or would become an industrial bank holding company in the same manner as such section applies to a company that is or would become a bank holding company, except that for purposes of applying this subsection—

‘‘(1) any reference to a ‘bank holding company’ in such section 3 shall be deemed to be a reference to an ‘industrial bank holding company’;

‘‘(2) any reference to a ‘bank’ in such section 3 shall be deemed to be a reference to an ‘industrial bank’;

‘‘(3) any reference to the ‘Board’ in such section 3 shall be deemed to be a reference to the Corporation;

‘‘(4) any reference to the ‘Bank Holding Company Act Amendments of 1970’ in such section 3 shall be deemed to be a reference to the ‘Industrial Bank Holding Company Act of 2007’;

‘‘(5) any reference to a ‘home State’ in such section 3 shall be deemed to be a reference to—

‘‘(A) with respect to an industrial bank holding company, the State in which the total deposits of all banking subsidiaries of such company were the largest on the later of—

‘‘(i) January 28, 2007; or

‘‘(ii) the date on which the company becomes an industrial bank holding company under this section; and

‘‘(B) with respect to an industrial bank, the home State of the bank as determined under section 44(g);

‘‘(6) any reference to a ‘host State’ in such section 3 shall be deemed to be a reference to—

‘‘(A) with respect to an industrial bank holding company, a State, other than the home State of the company, in which the company controls, or seeks to control, an industrial bank subsidiary; and

‘‘(B) with respect to an industrial bank, the host State of the bank as determined under section 44(g);

‘‘(7) any reference to an ‘out-of-State bank holding company’ in such section 3 shall be deemed to be a reference to, with respect to any State, an industrial bank holding company whose home State is another State; and

‘‘(8) any reference to an ‘out-of-State bank’ in such section 3 shall be deemed to be a reference to, with respect to any State, an industrial bank whose home State is another State.

‘‘(b) APPLICATION PROCESS.—An application filed under subsection (a) to acquire control of an industrial bank shall be treated as an application for a deposit facility for purposes of this Act and any other Federal law.

‘‘(c) REGISTRATION.—

‘‘(1) IN GENERAL.—Each industrial bank holding company shall register with the Corporation on forms prescribed by the Corporation before the end of the 180-day period beginning on the later of—

‘‘(A) the date the company becomes an industrial bank holding company; or

‘‘(B) the date of the enactment of the Industrial Bank Holding Company Act of 2007.

‘‘(2) INFORMATION TO BE INCLUDED.—Each registration submitted under paragraph (1) shall include such information, under oath, with respect to the financial condition, ownership, operations, management, and intercompany relationships of the industrial bank holding company and subsidiaries of such holding company, and other factors (including information described in subsection (d)(1)(C)), as the Corporation may determine to be appropriate to carry out the purposes of this section.

‘‘(3) EXTENSION OF TIME FOR SUBMITTING COMPLETE INFORMATION.—Upon application by an industrial bank holding company and subject to such requirements, factors, and evidence as the Corporation may require, the Corporation may extend the period described in paragraph (1) within which such company shall register and file the requisite information.

‘‘(d) REPORTS AND EXAMINATIONS.—

‘‘(1) REPORTS.—

‘‘(A) REPORTS REQUIRED.—Each industrial bank holding company and each subsidiary of an industrial bank holding company, other than an industrial bank, shall file with the Corporation such reports as may be required by the Corporation.

‘‘(B) FORM AND MANNER.—Reports filed under subparagraph (A) shall be made under oath and shall be in such form and for such periods, as the Corporation may prescribe.

‘‘(C) INFORMATION.—Each report filed under subparagraph (A) shall contain such information as the Corporation may require concerning—

‘‘(i) the operations of the industrial bank holding company and the holding company’s subsidiaries;

‘‘(ii) the financial condition of the industrial bank holding company and such subsidiaries, together with information on systems maintained within the holding company or within any such subsidiary for monitoring and controlling financial and operating risks, and transactions with insured depository institution subsidiaries of the holding company;

‘‘(iii) compliance by the industrial bank holding company and the holding company’s subsidiaries with all applicable Federal and State law; and

‘‘(iv) such other information as the Corporation may require.

‘‘(D) ACCEPTANCE OF EXISTING REPORTS.—For purposes of this paragraph, the Corporation may accept reports that an industrial bank holding company or any subsidiary of such company has provided or has been required to provide to any other Federal or State supervisor or to any appropriate self-regulatory organization.

‘‘(2) EXAMINATIONS.—

‘‘(A) IN GENERAL.—Each industrial bank holding company and each subsidiary of each such holding company (other than an industrial bank) shall be subject to such examinations by the Corporation as the Corporation may prescribe for purposes of this section.

‘‘(B) FURNISHING REPORTS TO OTHER AGENCIES.—Examination and other reports made or received under this section may be furnished by the Corporation to any other appropriate Federal agency or any appropriate State bank supervisor or other State financial supervisory agency.

‘‘(C) USE OF REPORTS FROM OTHER AGENCIES.—The Corporation may use, for the purposes of this subsection, reports of examination made by any other appropriate Federal agency, any appropriate State bank supervisor, or any other State financial supervisory authority with respect to any industrial bank holding company or subsidiary of any such holding company, to the extent the Corporation may determine such use to be feasible for such purposes.

‘‘(3) CAPITAL.—

‘‘(A) IN GENERAL.— The Corporation may not, by regulation, guideline, order, or otherwise, prescribe or impose any capital or capital adequacy rules, guidelines, standards, or requirements on any functionally regulated affiliate (as defined in section 45) of any depository institution that is controlled by an industrial bank holding company that—

‘‘(i) is not a depository institution; and

‘‘(ii) is—

‘‘(I) in compliance with the applicable capital requirements of the appropriate Federal supervisory agency of the affiliate (including the Securities and Exchange Commission or State insurance authority);

‘‘(II) properly registered as an investment adviser under the Investment Advisers Act of 1940, or with any State; or

‘‘(III) is licensed as an insurance agent with the appropriate State insurance authority.

‘‘(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as preventing the Corporation from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to—

‘‘(i) activities of a registered investment adviser other than with respect to investment advisory activities or activities incidental to investment advisory activities; or

‘‘(ii) activities of a licensed insurance agent other than insurance agency activities or activities incidental to insurance agency activities.

‘‘(e) ACCESS TO INFORMATION.—

‘‘(1) INFORMATION PROVIDED BY CORPORATION.—Any confidential supervisory information, including examination or other reports, pertaining to an industrial bank furnished by the Corporation to any other Federal agency or any appropriate State supervisory agency shall remain confidential unless the Corporation, in writing, otherwise consents.

‘‘(2) DEFERENCE TO DEPOSITORY INSTITUTION EXAMINATIONS.—Any appropriate Federal supervisory agency of a holding company of an industrial bank shall, to the fullest extent possible, forego any examination of any depository institution subsidiary of the holding company and use the reports of examinations of the institution made by the appropriate Federal banking agency and the appropriate State bank supervisor in lieu of a direct examination.

‘‘(3) INFORMATION TO BE PROVIDED TO CORPORATION.—

‘‘(A) REQUEST TO AGENCY.—Upon request by the Corporation, an appropriate Federal supervisory agency may provide to the Corporation information regarding the condition of an industrial bank, any holding company that controls such industrial bank, or any other affiliate of any such holding company that is necessary to assess risk to the industrial bank.

‘‘(B) AVAILABILITY FROM HOLDING COMPANY DIRECTLY.—Notwithstanding section 45, section 115 of the Gramm-Leach-Bliley Act, or any other provision of law (including any regulation), if the information requested under subparagraph (A) is not provided to the Corporation, and the information is necessary to assess risk to the industrial bank, the Corporation may require the holding company or affiliate referred to in such subparagraph with respect to such bank to provide such information to the Corporation.

‘‘(4) EXAMINATIONS BY CORPORATION.—

''(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding section 45, section 115 of the Gramm-Leach-Bliley Act, or any other provision of law (including any regulation), no law shall be construed as preventing the Corporation from examining an affiliate of an industrial bank pursuant to paragraph (2), (3), or (4) of section 10(b), as may be necessary to disclose fully the relationship between the industrial bank and the affiliate, and the effect of such relationship on the industrial bank, if the Corporation finds such examination necessary to determine the condition of an industrial bank.

''(B) FUNCTIONALLY REGULATED AFFILIATES.— Before the Corporation may examine any affiliate of an industrial bank that is—

''(i) a broker, a dealer, an investment company, or an investment advisor, or

''(ii) an entity that is subject to consolidated supervision by the Securities and Exchange Commission, other than a depository institution,

the Corporation shall request the Commission to provide the information that the Corporation is seeking to obtain through examination and may proceed with the examination only if the requested information is not provided by the Commission in a timely manner.

''(f) LIMITATION ON CONTROL.—

''(1) IN GENERAL.—Except as provided in paragraph (3) or (4), no industrial bank may be controlled, directly or indirectly, by a commercial firm.

''(2) COMMERCIAL FIRM DEFINED.—For purposes of this section, the term 'commercial firm' means any entity at least 15 percent of the annual gross revenues of which on a consolidated basis, including all affiliates of the entity, were derived from engaging, on an on-going basis, in activities that are not financial in nature or incidental to a financial activity during at least 3 of the prior 4 calendar quarters, as determined by the Corporation in accordance with regulations which the Corporation shall prescribe.

''(3) PRE-2003 EXCLUSIONS.—

''(A) GRANDFATHERED INSTITUTIONS.—Paragraph (1) shall not apply with respect to any industrial bank—

''(i) which became an insured depository institution before October 1, 2003, or pursuant to an application for deposit insurance which was approved by the Corporation before such date; and

''(ii) with respect to which there is no change in control, directly or indirectly, of the bank after September 30, 2003, that requires a registration under this section or an application under section 7(j) or 18(c), section 3 of the Bank Holding Company Act of 1956, or section 10 of the Home Owners' Loan Act, except a direct or indirect change of control in which—

''(I) immediately prior to such change in control neither the ultimate acquiring holding company nor the ultimate acquired holding company is a commercial firm;

''(II) immediately after such change of control the resulting ultimate holding company is not a commercial firm; and

''(III) the resulting ultimate holding company is subject to consolidated supervision by the Office of Thrift Supervision or a holding company regulated by the Securities and Exchange Commission pursuant to section 240.15c3-1(a)(7) of title 17 of the Code of Federal Regulations (as in effect on January 29, 2007).

''(B) CORPORATE REORGANIZATIONS PERMITTED.—The acquisition of direct or indirect control of the industrial bank referred to in subparagraph (A)(ii) shall not be treated as a 'change in control' for purposes of such subparagraph if—

''(i) the company acquiring control is itself directly or indirectly controlled by a company that was an affiliate of such bank on the date referred to in such subparagraph, and remains an affiliate at all times after such date; and

''(ii) the transaction through which the company acquired control of the industrial bank constituted solely a corporate reorganization of a company that controlled the industrial bank on the date referred to in such subparagraph.

''(4) PRE-2007 EXCLUSIONS.—

''(A) GRANDFATHERED COMMERCIAL FIRMS.—Paragraph (1) shall not apply to any commercial firm—

''(i) which became a holding company of an industrial bank by virtue of acquiring control of an industrial bank on or after October 1, 2003, and before January 29, 2007;

''(ii) which does not acquire control of any other depository institution after January 28, 2007;

''(iii) with respect to which there is no change in control, directly or indirectly, of any depository institution subsidiary after January 28, 2007, that requires a registration under this section or an application under section 7(j) or 18(c), section 3 of the Bank Holding Company Act of 1956, or section 10 of the Home Owners' Loan Act; and

''(iv) each industrial bank subsidiary of which remains in compliance with the limitations contained in subparagraph (B).

''(B) ACTIVITY AND BRANCHING LIMITATIONS.—An industrial bank subsidiary of a commercial firm described in clauses (i), (ii) and (iii) of subparagraph (A) is in compliance with the requirements of this subparagraph for purposes of subparagraph (A)(iv) so long as the industrial bank—

''(i) engages only in activities in which the industrial bank was engaged on January 28, 2007; and

''(ii) does not acquire, establish, or operate any branch, deposit production office, loan production office, automated teller machine, or remote service unit in any State other than the home State of the bank or any host State in which such bank operated branches on January 28, 2007.

''(C) CORPORATE REORGANIZATIONS PERMITTED.—The acquisition of direct or indirect control of a depository institution subsidiary referred to in subparagraph (A)(iii) shall not be treated as a 'change in control' for purposes of such subparagraph if—

''(i) the company acquiring control is itself directly or indirectly controlled by a company that was an affiliate of such subsidiary on the date referred to in such subparagraph, and remains an affiliate at all times after such date; and

''(ii) the transaction through which the company acquired control of the depository institution constituted solely a corporate reorganization of a company that controlled the depository institution on the date referred to in such subparagraph.

''(g) PROCEDURES AND TIMING FOR TERMINATION OF ACTIVITIES OR DIVESTITURE.—

''(1) TRANSITION PROVISION.—

''(A) IN GENERAL.—Any company that fails to comply with the provisions of subsection (f) shall divest its ownership or control of each industrial bank subsidiary of the company not later than the end of the 2-year period beginning on the first date that the company ceased to comply with subsection (f).

''(B) EXTENSION OF TIME PERIOD.—

''(i) IN GENERAL.—Upon application by a holding company that controls an industrial bank, the appropriate Federal supervisory agency of such holding company may extend the 2-year period referred to in subparagraph (A) with respect to such company for not more than 1 year if, in such agency's judgment, such an extension would not be detrimental to the public interest.

''(ii) FACTORS.—In making any decision to grant an extension under clause (i) to a holding company of an industrial bank, the appropriate Federal supervisory agent of such holding company shall consider whether—

''(I) the company has made a good faith effort to divest such interests; and

''(II) such extension is necessary to avert substantial loss to the company.

''(2) CONDITIONS BEFORE DIVESTITURE.—During the 2-year period referred to in paragraph (1)(A) with respect to any company and any extension of such period, the appropriate Federal supervisory agency may impose any conditions or restrictions on the company or any subsidiary of the company (other than a bank), including restricting or prohibiting transactions between the company or subsidiary and any depository institution subsidiary of the company, as are appropriate under the circumstances.

''(3) TERMINATION OF ACTIVITIES OR DIVESTITURE OF NONBANK SUBSIDIARIES CONSTITUTING SERIOUS RISK.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, the appropriate Federal supervisory agency may, whenever such agency has reasonable cause to believe that the continuation by a holding company of an industrial bank of any activity or of ownership or control of any nonbank subsidiary of such holding company, other than a nonbank subsidiary of a depository institution, constitutes a serious risk to the financial safety, soundness, or stability of a depository institution subsidiary of the holding company and is inconsistent with sound banking principles or with the purposes of this section, at the election of the holding company—

''(i) order such holding company or any such nonbank subsidiary, after due notice and opportunity for hearing, and after considering the views of the appropriate Federal banking agency and, if applicable, appropriate State bank supervisor, to terminate such activities or to terminate (within 120 days or such longer period as the appropriate Federal supervisory agency may direct in unusual circumstances) the ownership or control by such holding company or nonbank subsidiary of any such depository institution subsidiary either by sale or by distribution of the shares of the depository institution subsidiary, in accordance with subparagraph (B), to the shareholders of the holding company of the industrial bank; or

''(ii) order the holding company of the industrial bank, after due notice and opportunity for hearing, and after consultation with the appropriate State bank supervisor for the industrial bank, to terminate (within 120 days or such longer period as the appropriate Federal supervisory agency may direct) the ownership or control of any such industrial bank by such company.

''(B) PRO RATA DISTRIBUTION.—Any distribution to shareholders referred to in clause (i) shall be pro rata with respect to all of the shareholders of the distributing company, and such company shall not make any charge to any shareholder in connection with such distribution.

''(4) FOREIGN BANK OWNERSHIP.—

''(A) INDUSTRIAL BANKS.—After January 28, 2007, no foreign bank may acquire, directly or indirectly, control of an industrial bank unless the Board of Governors of the Federal Reserve System has determined by order, or in the case of a foreign bank that is a savings and loan holding company the Board of Governors of the Federal Reserve System and the Director of Office of Thrift Supervision have jointly determined by order, in connection with the change in control or acquisition of the industrial bank and after consultation with the Corporation, that the

foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country in accordance with the standard in section 3(c)(3)(B) of the Bank Holding Company Act of 1956.

''(B) CONFORMING AMENDMENT.—Notwithstanding any other provision of law, after the date of enactment of the Industrial Bank Holding Company Act of 2007, the Director of the Office of Thrift Supervision shall not approve any acquisition of a savings association under section 10(e)(2) of the Home Owners' Loan Act by a foreign bank that is subject to the Bank Holding Company Act of 1956 pursuant to section 8(a) of the International Banking Act of 1978 and that is not a bank holding company unless the Director of the Office of Thrift Supervision and the Board of Governors of the Federal Reserve System have jointly determined, by order, in connection with the acquisition of the savings association that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country in accordance with the standard in section 3(c)(3)(B) of the Bank Holding Company Act of 1956.

''(5) HOLDING COMPANY RESPONSIBILITY.—

''(A) SOURCE OF STRENGTH.—Notwithstanding section 45, a holding company of an industrial bank—

''(i) shall serve as a source of financial and managerial strength to the subsidiary banks of such holding company; and

''(ii) shall not conduct the operations of the holding company in an unsafe or unsound manner.

''(B) IMPLEMENTATION.—The appropriate Federal supervisory agency of the holding company of an industrial bank shall implement the requirements under subparagraph (A).

''(h) ADMINISTRATIVE PROVISIONS.—

''(1) AGENT FOR SERVICE OF PROCESS.—The Corporation may require any industrial bank holding company, or persons connected with such holding company if it is not a corporation, to execute and file a prescribed form of irrevocable appointment of agent for service of process.

''(2) RELEASE FROM REGISTRATION.—The Corporation may at any time, upon the Corporation's own motion or upon application, release a registered industrial bank holding company from any registration previously made by such company, if the Corporation determines that such company no longer controls any industrial bank.

''(i) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) APPROPRIATE FEDERAL SUPERVISORY AGENCY.—The term 'appropriate Federal supervisory agency' means, with respect to a company that controls an industrial bank—

''(A) the Corporation, in the case of a company that is an industrial bank holding company;

''(B) the Board of Governors of the Federal Reserve System, in the case of a company that is a bank holding company or that is subject to the Bank Holding Company Act of 1956 pursuant to section 8(a) of the International Banking Act of 1978;

''(C) the Office of Thrift Supervision, in the case of a company that is a savings and loan holding company; and

''(D) the Securities and Exchange Commission, in the case of a company that is regulated by the Commission pursuant to section 240.15c3-1(a)(7) of title 17 of the Code of Federal Regulations (as in effect on January 29, 2007).

''(2) RULE OF CONSTRUCTION.—Under the definition of the term 'appropriate Federal supervisory agency' in paragraph (1), more than 1 agency may be an appropriate Federal supervisory agency with respect to any given company that controls an industrial bank.''.

(c) ENFORCEMENT.—

(1) Section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)) is amended by adding at the end the following new paragraph:

''(11) INDUSTRIAL BANK HOLDING COMPANIES.—This subsection and subsections (c) through (s) and subsection (u) of this section shall apply to any industrial bank holding company, and to any subsidiary (other than a bank) of an industrial bank holding company in the same manner as such subsections apply to State nonmember insured banks.''.

(2) Section 8(h)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1818(h)(2)) is amended by striking ''(2) Any party to'' and inserting ''(2) Any party aggrieved by an order of any appropriate Federal supervisory agency under section 51 or any party to''.

(3) Section 8(i) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)) is amended by striking ''or 39'' each place such term appears and inserting '', 39, or 51''.

(d) PROMPT CORRECTIVE ACTION.—Section 38(f)(2)(H) of the Federal Deposit Insurance Act (12 U.S.C. 1831o(f)(2)(H)) is amended by—

(1) by striking ''BANK HOLDING COMPANY.—Prohibiting any bank'' and inserting ''HOLDING COMPANY.—

''(i) BANK HOLDING COMPANY.—Prohibiting any bank''; and

(2) by adding at the end the following new clause:

''(ii) INDUSTRIAL BANK HOLDING COMPANY.—Prohibiting any industrial bank holding company having control of the insured depository institution from making any capital distribution without the prior approval of the Corporation.''.

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 10(e)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1820(e)(2)) is amended by inserting ''or section 51'' after ''subsection (b)(4)''.

(2) Section 1101(6) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401(6)) is amended—

(A) in subparagraph (B), by striking ''and'' after the semicolon;

(B) in subparagraph (C), by inserting ''and'' after the semicolon; and

(C) by inserting after paragraph (C) the following new paragraph:

''(D) any industrial bank holding company (as defined in section 3(w)(8) of the Federal Deposit Insurance Act);''.

(3) Section 115 of the Gramm-Leach-Bliley Act (12 U.S.C. 1820a) is amended—

(A) in subsection (a), by striking ''or'' after ''bank holding company'' and inserting '', industrial bank holding company, or'';

(B) in subsection (d)—

(i) by redesignating paragraphs (5), (6), and (7) as paragraphs (6), (7), and (8), respectively; and

(ii) by inserting after paragraph (4) the following new paragraph:

''(5) INDUSTRIAL BANK HOLDING COMPANY.—The term 'industrial bank holding company' has the same meaning as in section 3(w)(8) of the Federal Deposit Insurance Act.''.

(4) Section 304(g)(1) of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2803(g)(1)) is amended by inserting '', industrial bank holding company,'' after ''bank holding company''.

SEC. 3. REGULATIONS.

The Corporation shall prescribe such regulations as the Corporation determines to be appropriate to carry out the amendments made by this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Massachusetts (Mr. FRANK) and the gentleman from Ohio (Mr. GILLMOR) each will control 20 minutes.

The Chair recognizes the gentleman from Massachusetts.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, at the outset, I ask that all Members have 5 legislative days to revise and extend their remarks on this legislation and to include in the RECORD extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK of Massachusetts. Mr. Speaker, the House today revisits the subject of the industrial loan corporation.

Industrial loan corporations were created early in the last century as a kind of a niche at a time when it was felt that banks did not adequately serve working people, people of lower incomes.

When Congress dealt with the situation of banking reform in the 1980s, Congress decided to limit this form to six States, which now have the right to issue industrial loan charters, and recognize that the general business of banking was now being carried out in a way that did not require these niche banks, which Congress did not want to at that time wipe out banks that had been appropriately established under existing law.

But it's clear that they were regarded as a somewhat nonconforming use. There are people today who talk about what a good thing the industrial loan corporations are. None of them, however, seem to me to have shown the courage of their convictions, because those who believe that the industrial loan corporation should continue to flourish and grow, as will happen if we don't pass the bill, ought to be abolishing that restriction that says only six States can issue those charters.

I cannot think of any other financial instrument of which we have general approval where only six States are allowed to charter them. People who genuinely believe in the ILCs are the ones who ought to be pushing legislation. They do not. They implicitly accept the fact that they are an exception to a general principle.

The particular general principle to which they are an exception is the one which we have affirmed recently when we did the Gramm-Leach-Bliley bill, namely that banking and commerce should be separate.

Now, let me be very clear. If an entity that is in the manufacturing business or the retail business or any other business wants to get into financing its purchases, or even wants to lend money to people, they wouldn't be affected by this as long as they were willing to forgo deposit insurance.

We are here because if you become an official bank, as ILCs can be to this extent, you get various benefits from the Federal Government, including deposit insurance. So this is not the Federal

Government intruding on purely private business decisions, it is the Federal Government saying, look, we have set up the system of deposit insurance. We have set up other things that apply to banks. We want to restrict those services to entities which are only in the banking business. We do not want people who have as their primary business a manufacturer or wholesale or retail sales also dealing with banking. We think that is an unwise mixture. We think that the decisions that are made that we want to insure through the depository insurance system ought to be made purely on the banking aspects of this and not because the bank will make money on the side from where the purchase goes.

Now, people have asked, why this legislation now? The answer is that for a variety of reasons, I am not fully aware of why, this situation changed drastically in the last few years.

ILCs, as they exist today, are not a problem. No one is talking about abolishing them. In the State of Utah, where they are most important, and where there continues to be strong support for them, there is opposition to them even in some of the other States that have the right to charter them, the estimate we received from the Utah bank supervisor was that 93 percent of the assets of ILCs meet the test that we would apply here in this bill to everybody.

That test, by the way, is the one that we took out of Gramm-Leach-Bliley; namely, that to be in the banking business, you have to be at least 85 percent a financial institution, though we do recognize there will be some incidentals. Ninety-three percent of the Utah ILCs meet this.

The problem is over the last few years, a number of large manufacturing and commercial entities have decided that they would like to get into the ILC business. So people have said to us, why are you upsetting the status quo? We are not. Here, to be honest, we are preserving, we think, the status quo, which is the principle of the separation of banking, commerce, a banking system which exists under that rubric and a small niche for some banks which, for historical reasons, were allowed not necessarily to follow this.

What's changing the status quo is the application from a number of large entities, Wal-Mart, Home Depot, many others, to get into the ILC business. We believe that does not really reflect what Congress intended in the 1980s. It's not illegal under current law, but we think that Congress did not anticipate then that large commercial and manufacturing entities would seek substantially to broaden the ILC approach.

There were people who disagreed with us that we should preserve the distinction between banking and commerce. I asked them, where is that bill?

Again, those who would support by not changing the law a broad expansion of the ILCs are the ones who are seeking drastic change in our banking laws. They are, in effect, saying, you know, this distinction between banking and commerce you make is arbitrary, it has been outdated, let's get rid of it.

Well, the way to get rid of that is for people to bring forward a bill. I can promise them as chairman of the Financial Services Committee, we will have a hearing, we will consider it. But let them bring forward a bill, and let's do that as a conscious decision of the Congress of the United States.

I will oppose it, I think most Members will, which is probably why they don't want to bring it forward. But let's not do it in a kind of a back-door way by the expansion of what had been intended to be a residual niche kind of banking. This bill today would say that going forward, it doesn't wipe out existing entities, but going forward, ILC charters will only be granted to those that are at least 85 percent financial.

I want to give my thanks to the Chair of the Federal Deposit Insurance Commission, Chairman Bair. They have been put in a tough situation, because the law theoretically allows them to create an infinite number of new ILCs with no respect whatsoever for the banking and commerce distinction. Once this House passed a bill on the subject, although it did not pass the Senate, a phrase one often hears, the FDIC at our request has imposed a moratorium on new ILC charters.

But the FDIC is a law-abiding organization. Chairwoman Bair has an appropriate understanding of the role of the regulatory body in a democratic system. She will not forever maintain a moratorium, nor should she. What she did was, quite appropriately, give Congress the chance to legislate. We are beginning that process today.

I hope that we will pass the bill, that it will go to the Senate and they will pass something, and we will be able to work out legislation which will essentially preserve the distinction between banking and commerce. The necessity for us to act now is that if we do not act, the status quo will be greatly transformed, and the distinction we have long maintained in our law between banking and commerce, instead of admitting a fairly small exception where six States can do it, and where even in the State where it is most prominent only 7 percent of the assets under this form are the exception, we will then see a general erosion. Erosion may understate it; a general abolition of the line between banking and commerce. We do not think that is appropriate, and passing this bill is the way to stop it.

Mr. Speaker, I reserve the balance of my time.

Mr. GILLMOR. I want to thank Chairman FRANK for all his leadership on this issue, not just in this session, but in previous sessions, and also thank Ranking Member SPENCER BACHUS for his consistent support of the principles embodied in this legislation.

Chairman FRANK and I have cosponsored meaningful reform of the ILC charter option for a number of years now. We have gotten a bill, passed the House twice, it died in the Senate. I think this year, though, the third time may be the charm. I think we have substantially more support for this legislation in the Senate than in the past.

While it's available in only a handful of States, the ILC charter is the last loophole remaining for commercial firms wishing to engage in full-service banking.

While a majority of current commercial owners of industrial banks refrain from using all the banking powers available to them, the broad ILC charter does allow for a complete mixing of banking and commerce, which I and other objective observers, such as Alan Greenspan, Chairman Ben Bernanke and others, consider to be financially unwise.

The trend in Congress over the past several decades has been one of removing loopholes and exceptions in the bank law. We did it most recently in 1987 and in 1999, and the trend is clear: If you want to engage in full-service banking, you must become a bank or a thrift holding company.

Chartering an ILC in Utah is really your only option to make an end run around our bank laws, and the secret is out. ILC assets have grown more than 3,500 percent over the past decade. Applications for new ILCs look nothing like they did 80 years ago when this charter was created. States such as California, Maryland and others have taken notice of this alarming trend in ILC applications and have installed roadblocks to an extension of the charter.

State action alone is insufficient, however. It's time that Congress address this policy concern, using the time which was wisely given to us by the FDIC-imposed moratorium. I also want to commend Chairman Bair and the FDIC for listening to the concerns of Congress and imposing that moratorium.

Should Congress fail to send H.R. 698 to the President, we will be increasingly in danger of creating a parallel banking system to that which we have now and which has served the country very well. Both financial and commercial firms will look to this industrial bank option as a way to escape the rules that apply to everybody else. The banking system is well served by the different charter options available to them, but the universe in which an industrial bank can operate is more expansive than any other.

This is poor public policy. Simply saying that since no ILC has yet taken full advantage, that Congress shouldn't act, is wrong.

We are currently in a time of banking stability. Up until recently the FDIC had gone a record 952 days without a bank failure. But I don't like to think about the type of hit that the deposit insurance fund would have taken,

and the hit that taxpayers would have taken, if Enron had had an industrial bank prior to their collapse.

□ 1515

This bill is a combination of significant bipartisan effort undertaken by myself and Chairman FRANK to strike a balance between protecting those ILCs already in existence and preventing any further widening of this loophole by commercial firms.

The list of supporters for this reform measure is long and growing. We have 145 cosponsors of this measure to date, and the other body has already begun its deliberations of an identical bill.

So I want to sincerely thank Chairman FRANK, Ranking Member BACHUS, and their staff for the hard work on this bill, and urge my colleagues to support this bipartisan legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I now yield as much time as he may consume to the gentleman from Utah (Mr. MATHESON), a former member of our committee with whom many of us disagree but who, representing the State of Utah, has been a very staunch and articulate defender of a form of banking which is very important in his State.

Mr. MATHESON. I thank Chairman FRANK for his good work. I have great respect for Chairman FRANK, and I have great respect for my colleague Mr. GILLMOR. On this particular issue, I respectfully have a different point of view, but I do understand the time and effort that has gone into looking at this issue.

I think it is important to note that when we look at legislation, we often are trying to solve problems and achieve progress. That is what Congress does, and my concern here is this is legislation that is a solution in search of the problem.

We already have a number of banks that have been chartered with commercial parents, and we have a track record of regulation of this type of institution that is a stellar track record. Quite frankly, I think the Federal Deposit Insurance Corporation, the FDIC, and the State of Utah, which regulates these particular banks, has a great track record. So I fear that we have moved down a path where we said, ''Oh, gee, these things could happen; therefore, let's stop this industry from moving in the direction that it has been moving.''

I think it is important for us to show concern and make sure we don't go down a path that could have negative implications, but in this case where we have already had a number of banks chartered and a track record that is so solid and none of these potential problems have manifested themselves, I question whether Congress should be moving in this direction.

As this debate has moved along, we have also said, well, what about the auto companies? Maybe we should carve out an exemption for them. What about the ones that already exist? Like Target already has one. We need to cut out an exemption for them.

As you start to slice and dice this industry and allow certain exemptions here and there, that calls into question the basic premise of if there really is a problem to have commercial ownership of this industry.

I will close with just one other point of fact. I noted in the hearing before the Financial Services Committee a couple weeks ago a comment by one of the witnesses was made that I have heard periodically throughout this debate. They said: My gosh, what if Enron and WorldCom had one of these? Where would we be then?

And my answer is: Based on the track record of this industry, I would like to think that, while those parent companies had their financial difficulties, the subsidiary bank would have been fine. We have examples right now where the parent company, like Conseco, went into bankruptcy, and their industrial loan company based in Utah was shielded from all those financial problems and, quite frankly, sold at a premium.

So that shows that the style of regulation, which is different, it is a different style of regulation called ''bottom up'' or ''bank centric'' regulation, it shows that type of regulation has worked, it has protected against transgressions, and I think that track record is something we need to keep in mind.

So as this issue percolates along, it is clear this bill is going to pass the House today. I suspect the Senate may have a different type of bill as well. And as this issue perks along, I just encourage everyone to keep an open mind about looking at the actual track record, understanding the magnitude of the potential problems, but also keeping in mind that more choices for consumers, greater efficiency for our economy, those are good things, too, and they ought to be balanced in this overall debate.

Again, I really thank the chairman for giving me some time when I am speaking out. Quite frankly, I am going to vote against the bill, but I appreciate him giving me time to speak today.

Again, I respect all my colleagues that worked on this, and I look forward to continuing to work with them on the adjusted loan bank issue in the future.

Mr. GILLMOR. Mr. Speaker, let me commend the gentleman from Utah for an articulate presentation. He is protecting the hometown industry, and there is nothing wrong with that.

I think this bill, though, involves something much broader than that; and it involves a very important financial principle that has been recognized for decades, which is a separation of banking and commerce.

Really, the fact that some of these ILCs have not utilized all the powers they could have isn't really an argument against this bill. Because the business plan of some of the new industrial companies trying to take over ILCs, Home Depot is a great example, is totally different than what the history in the past has been. So that history I don't think is really relevant to what this bill is aimed at.

But that having been said, I am very pleased to yield as much time as he may consume to the ranking member, the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Speaker, I rise in support of this legislation. I really believe that we do need enhanced regulatory supervisions over the ILCs, and this legislation does that. The Federal Reserve and other Federal regulators have urged us to enhance the regulation, and that is what this does.

It also does two things; and every year that we wait to pass this, it becomes a bigger problem. But we grandfather the existing ILCs. If we had done this bill 2 or 3 years ago, we would have had much fewer of these and we wouldn't have the problems that we have today, talking about, well, this commercial firm has one, this commercial doesn't.

But it was through no fault of the chairman of the full committee. Mr. FRANK, when he was ranking member, pushed this very hard as a solution to this problem, as did the subcommittee chairman, Mr. GILLMOR, and I want to commend both of them for their hard work over the past several years.

I also want to particularly commend the chairman of the committee, Mr. FRANK. He has really made this a collaborative effort. It has been a bipartisan effort; and I hope the bill, because of that, is a better bill.

I think we are going to have a good vote here. I do think, because it is a bipartisan effort and it is a compromise, that we will have, hopefully, better success in not only passing this bill out of the House but seeing it ultimately enacted into law.

These ILCs, and they are ILCs, industrial loan companies, now they are industrial bank holding. This is the Industrial Bank Holding Company Act, because they really have evolved into bank holding companies; and what these started out primarily as is just a small loan company where industrial employees were able to borrow money. It is very similar to a credit union. The only difference is they didn't join as members. They just borrowed money, because they really didn't have access to a commercial bank at that time, and that was the whole reason for these.

As the chairman said and as the subcommittee Chair said, all of these exist in six States. The vast majority of the assets of ILCs are chartered in Utah; California and Nevada being the other States that have significant numbers of them.

As the subcommittee Chair has said, these things have grown 3,500 percent just since we started focusing on this.

It is really growing out of control. And what it does, we made a policy decision several years ago in this Congress that we would not allow commercial firms to operate banks, and this will really enforce that policy decision that we made.

As they have grown in size and nature and complexity, several not only regulatory but policy issues have been presented, not only to the Congress, but to the regulators. One of the concerns, as the subcommittee Chair and the chairman have both referred to, is a concern over mixing banking and commerce, which is really not what the American financial system is all about. Japan and other systems have allowed a mixing of commerce and banking, and we are evolving, but they have run into problems. We would like to avoid those problems.

An exemption in the current law permits any type of company, including a commercial firm, to acquire an ILC in six States. We want to close that loophole. We want to stop that.

Let me conclude by saying I do have one concern, and I am going to have a colloquy with the chairman in a moment. But I am concerned that this bill, and it is not intended and I know the chairman has said previously we hope to address this in the Senate or in conference, but I am concerned that it may discriminate against our domestic automobile manufacturing dealers.

The reason I say that is most automobile companies today, including the large foreign automobile manufacturers, have set up ILCs. General Motors has set up an ILC. But Chrysler and Ford do not have ILCs. And, as drafted today, the bill would allow the foreign automobile manufacturers as well as GM, and I am going to clarify that in the colloquy, to continue their ILCs. However, Ford and Chrysler, or DaimlerChrysler, which may end up to be Chrysler, does not have an ILC.

I am concerned not only that that is a disadvantage to the automobile companies but to the Nation's dealers that sell Ford and Chrysler products. People are going into this every day, they are thinking ILCs give them a competitive advantage, and I don't want to see Chrysler and Ford shut out of having an opportunity to have this advantage.

As the process moves forward, I would like to work with both the chairman and the ranking member to ensure the legislation does not create an unlevel playing field that harms our domestic automobile industry.

At this time, I would like to pose a question to the chairman.

Under the committee reported bill, Chairman FRANK, a number of firms that already controlled industrial banks before January 29, 2007, are grandfathered from the new prohibition on control of industrial banks by commercial firms. The grandfathered firms that control a particular industrial bank are subject to a disposition agreement with the FDIC that is affected by the outcome of this legislation. Under the agreement, the FDIC has the power to waive the disposition requirement, depending on the state of the law, in 2008.

My question is whether it is the committee's intention that the decision to grandfather these firms supercedes this particular prior agreement and makes a waiver unnecessary, provided the grandfathered firms abide by all of the limitations imposed on grandfathered firms and operate under the supervision of the appropriate Federal supervisory agency.

Mr. FRANK of Massachusetts. If the gentleman would yield to me, let me say, and I want to pay tribute to members of the staffs on both sides, Mr. Paese and Mr. Yi on my side here, who did a lot of negotiating. There are a lot of regulators involved here, the FDIC as the primary regulator, but the Federal Reserve and the Securities and Exchange Commission, the Comptroller, and we did the best we could to try and not have this be a means of changing existing relationships.

So I can assure the gentleman from Alabama that he has precisely stated our intent. When we grandfathered these firms in this bill, it was our purpose and is our purpose to let them continue to operate the existing industrial banks under the limitations of the bill and under the supervision of each grandfathered firm's appropriate supervisory agency.

So I hope that would respond to the question. It is our intention essentially to ratify the existing arrangements by law, which would, of course, preclude the need for a waiver if the law is clear about what it does.

Mr. BACHUS. Chairman, your response does indeed clarify the situation, and I thank you for doing that. And I again thank you and the gentleman from Ohio (Mr. GILLMOR) for their work on this important bill.

I would also like to join with you. You have both praised Chairman Bair, and I think she has done an exceptional job of trying to sort through this difficult situation. And I would also like to commend the OTS and the Federal Reserve for working a compromise on some of the supervisory questions that were presented by this bill. Late last week, they came to an agreement between themselves.

Mr. FRANK of Massachusetts. If the gentleman would yield. With some encouragement.

Mr. BACHUS. Yes, and I appreciate that encouragement; and I know they do, too.

At this time, I again commend the chairman. I think this is a very good bill that deserves the support of all the membership.

Mr. GILLMOR. Mr. Speaker, I yield back the balance of my time.

Mr. FRANK of Massachusetts. I just want to respond to my good friend from Utah. He made an interesting point which is, well, if these are terrible, why don't you abolish them? That, of course, becomes a Catch-22. I guarantee you that if we had proposed in fact to abolish or severely restrict existing ones, he would have been justifiably a lot less happy than he is today.

□ 1530

Congress made a decision. We don't always make the best decisions when we look back; we often make good decisions, but not perfect ones. We believe it would be unfair to undo what was originally done by law.

I would note again that even in the State of Utah, which has become the primary focal point for the industrial loan corporations, 93 percent of the entities functioning as industrial loan corporations in Utah would be unaffected by this bill. They would be able to expand because they meet the 85 percent financial test.

As to the others, we believe that it is those who have finally figured out the potential of the industrial loan corporation going forward who are trying to change things. People have said to us, well, there's been no problem. Why are you doing this? Well, for once, maybe not once, let's not be too self-denigratory, we're doing this to get ahead of the problem. Yes, that's precisely the case. The ILCs have not caused problems. It is the, I believe, overwhelming view of people here and people who have watched the banking business and who believe in the separation of banking and commerce that if we don't act, we will see some problems. So that is what we are doing here. And I hope that this bill passes with a large margin, and we can pretty soon engage with our colleagues in the Senate about putting a final product on the desk of the President.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. FRANK) that the House suspend the rules and pass the bill, H.R. 698, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. FRANK of Massachusetts. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

LEONARD W. HERMAN POST OFFICE

Mr. DAVIS of Illinois. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1722) to designate the facility of the United States Postal Service located at 601 Banyan Trail in Boca Raton, Florida, as the ''Leonard W. Herman Post Office''.

The Clerk read the title of the bill.